

Message Text

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ACTION L-03

INFO OCT-01 ARA-10 ISO-00 SAB-02 ICAE-00 NSCE-00
CIAE-00 DODE-00 PM-05 H-01 INR-10 NSAE-00 PA-01
SP-02 SS-15 SSO-00 INRE-00 EB-08 OPIC-03 TRSE-00
OMB-01 XMB-02 FRB-03 COME-00 /067 W
-----002462 011930Z /40
O 011849Z JUL 78
FM AMEMBASSY PANAMA
TO SECSTATE WASHDC IMMEDIATE 7793

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E.O. 11652: N/A
TAGS: US, PN, EFIN
SUBJECT: EXCHANGE OF NOTES ON ECONOMIC-MILITARY
ARRANGEMENTS

REF: (A) STATE 166007, (B) TAYLOR/CAMAUR TELECON
6/30/78

1. THE POLITICAL COUNSELOR AND DR. CARLOS LOPEZ GUEVARA WENT OVER THE DRAFT U.S. NOTE AND THE DRAFT PANAMANIAN RESPONSE IN BOTH SPANISH AND ENGLISH JUNE 30. A NUMBER OF SUGGESTIONS WERE MADE BY LOPEZ GUEVARA AND TENTATIVELY ACCEPTED BY US. MOST ARE EDITORIAL. THE ONLY IMPORTANT SUBSTANTIVE CHANGE SUGGESTED BY LOPEZ GUEVARA WAS THE ELIMINATION OF THE FINAL SENTENCE IN THE THIRD PARAGRAPH OF OUR NOTE: "THE OPIC GUARANTEE IS SUBJECT TO A GOVERNMENT OF PANAMA GUARANTEE TO OPIC OF AMOUNTS GUARANTEED BY OR DUE TO OPIC." LOPEZ'S ARGUMENT WAS THAT THIS SENTENCE IS UNNECESSARY AND GRATUITOUS, SINCE CONFINA IS A PANAMANIAN GOVERNMENT AGENCY AND ITS BORROWINGS ARE AUTOMATICALLY GUARANTEED BY THE GOVERNMENT OF PANAMA. LOPEZ ALSO SUGGESTED SUBSTITUTING THE WORD "DELIVERED" FOR "OFFERED" IN THE FIRST SENTENCE OF THE

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FOURTH PARAGRAPH, I.E., THE EXIM PARAGRAPH.

2. THE FOLLOWING ARE THE SPANISH LANGUAGE ORIGINAL OF THE PANAMANIAN DRAFT RESPONSE (WHICH INCLUDES THE TRANSLATION OF OUR NOTE) AND THE ENGLISH TRANSLATION (WHICH INCLUDES THE EXACT TEXT OF THE U.S. NOTE AS AGREED, EXCEPT FOR THE LAST SENTENCE OF THE THIRD

PARAGRAPH, MENTIONED ABOVE, WHICH IS NOT YET AGREED).

BEGIN NOTE

EXCELENCIA:

TENGO EL HONOR DE REFERIRME A LA NOTA DE SU EXCELENCIA, CON FECHA DE HOY, RELATIVA AL PROGRAMA DE COOPERACION ECONOMICA Y MILITAR ENTRE NUESTROS DOS GOBIERNOS, QUE DICE LO SIGUIENTE:

"EXCELENCIA:

"TENGO EL HONOR DE REFERIRME A LA NOTA FECHADA EL 7 DE SEPTIEMBRE DE 1977, DEL SECRETARIO DE ESTADO AL EMBAJADOR DE PANAMA, EN RELACION CON LA COOPERACION ECONOMICA Y MILITAR ENTRE NUESTROS DOS GOBIERNOS Y PROPONEMOS QUE NUESTROS GOBIERNOS CELEBREN UN ACUERDO EN LOS TERMINOS SIGUIENTES:

"EL GOBIERNO DE LOS ESTADOS UNIDOS DE AMERICA CONSIDERARA SOLICITUDES DE LA REPUBLICA DE PANAMA PARA GARANTIAS DE INVERSIONES EN VIVIENDAS CON EL PROPOSITO DE APROBAR PROYECTOS ESPECIFICOS CON UN VALOR TOTAL QUE NO EXCEDA DE \$75.000.000.00 EN UN PERIODO DE CINCO ANOS. LA APROBACION DE LOS PROYECTOS ESPECIFICOS ESTARA CONDICONADA AL LIMITED OFFICIAL USE

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CUMPLIMIENTO DE CUALESQUIER CRITERIOS ADMINISTRATIVOS Y LEGISLATIVOS APLICABLES.
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"LA CORPORACION DE INVERSIONES PRIVADAS EN ULTRAMAR (OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)) GARANTIZARA LOS PRESTAMOS EN LOS ESTADOS UNIDOS A LA CORPORACION FINANCIERA NACIONAL (COFINA), DE PANAMA, QUE NO EXCEDAN DE \$20.000.000.00, PARA USO EN EL FINANCIAMIENTO DE PROYECTOS PRODUCTIVOS DEL SECTOR PRIVADO EN PANAMA, SUJETO A TERMINOS Y CONDICIONES QUE SEAN APROBADOS POR OPIC, COFINA Y EL PRESTAMISTA, GARANTIA QUE HA SIDO APROBADA POR LA JUNTA DIRECTIVA DE OPIC. LA GARANTIA DE OPIC ESTA CONDICONADA A QUE EL GOBIERNO DE PANAMA OTORGUE GARANTIA A OPIC SOBRE LAS CANTIDADES GARANTIZADAS POR OPIC O DEBIDAS A ESTA.

"EL BANCO PARA LA EXPORTACION-IMPORTACION DE LOS ESTADOS UNIDOS DE AMERICA HA ENTREGADO UNA CARTA INDICATIVA DE SU INTERES EN SUMINISTRAR PRESTAMOS,

GARANTIAS DE PRESTAMOS Y SEGUROS QUE NO EXCEDAN EN
CONJUNTO DE \$200.000.000.00, EN UN PERIODO DE CINCO
ANOS A PARTIR DEL 2 DE JULIO DE 1978 Y QUE
TERMINARA EL 30 DE JUNIO DE 1983, CON EL OBJETO DE
FINANCIAR EL VALOR ESTADOUNIDENSE DE LAS VENTAS DE
EXPORTACION A LA REPUBLICA DE PANAMA. DICHO
FINANCIAMIENTO, A DISCRECION DE LA JUNTA DIRECTIVA
DEL BANCO PARA LA EXPORTACION-IMPORTACION SERA EN
LA FORMA DE PRESTAMOS, GARANTIAS DE PRESTAMOS
O SEGUROS PARA PRODUCTOS ESPECIFICOS O PROYECTOS
APROBADOS POR DICHA JUNTA.
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CIAE-00 DODE-00 PM-05 H-01 INR-10 NSAE-00 PA-01
SP-02 SS-15 SSO-00 INRE-00 EB-08 OPIC-03 TRSE-00
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"EL GOBIERNO DE LOS ESTADOS UNIDOS DE AMERICA
EXPEDIRA LAS GARANTIAS PARA EL PAGO SEGUN EL PROGRAMA
DE VENTAS MILITARES EN EL EXTRANJERO PARA FACILITAR
EL OTORGAMIENTO DE PRESTAMOS AL GOBIERNO DE LA REPUBLICA
DE PANAMA POR LOS PRESTAMISTAS ELEGIBLES PARA EL PROPOSITO
DE FINANCIAR LAS COMPRAS QUE HAGA EL GOBIERNO DE LA
REPUBLICA DE PANAMA DE ARTICULOS PARA LA DEFENSA Y LOS
SERVICIOS DE DEFENSA. EL MONTO DEL CAPITAL TOTAL
DE LOS PRESTAMOS GARANTIZADOS POR EL GOBIERNO DE
LOS ESTADOS UNIDOS DE AMERICA DE ACUERDO CON ESTE
PARRAFO NO EXCEDERA DE \$50.000.000.00 EN UN PERIODO
DE DIEZ ANOS.

"LOS ACUERDOS ANTERIORES ESTARAN CONDICIONADOS
A LAS LIMITACIONES DE LOS REQUISITOS LEGALES
APLICABLES DE LOS ESTADOS UNIDOS DE AMERICA,
INCLUYENDO LOS PROCEDIMIENTOS DEL CONGRESO DE LOS

ESTADOS UNIDOS PARA AUTORIZACION Y DISPONIBILIDAD DE
FONDOS.

"SI LAS PROPUESTAS ANTERIORES SON ACEPTABLES A
SU GOBIERNO, SUGIERO QUE ESTA NOTA Y SU RESPUESTA
EXPRESANDO SU ACEPTACION, CONSTITUYAN UN ACUERDO ENTRE
NUESTROS GOBIERNOS EN DICHOS TERMINOS, EL CUAL
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ENTRARA EN VIGOR EN LA FECHA DE SU RESPUESTA.

"ACEPTE, EXCELENCIA, LAS SEGURIDADES RENOVADAS
DE MI MAS ALTA CONSIDERACION.

"PANAMA, DE JULIO DE 1978.

"(SIGNED)"

TENGO EL HONOR DE ACEPTAR, EN NOMBRE DE MI
GOBIERNO, LAS PROPUESTAS QUE ANTECEDEN Y DE CONVENIR
EN QUE LA NOTA DE SU EXCELENCIA Y ESTA CONSTITUYEN UN
ACUERDO ENTRE NUESTROS DOS GOBIERNOS, EL CUAL ENTRA
EN VIGOR EN ESTA FECHA.

RUEGO A SU EXCELENCIA ACEPTE LAS SEGURIDADES DE
MI MAS ALTA CONSIDERACION.

NICOLAS GONZALEZ-REVILLA. END NOTE.

3. THE FOLLOWING IS THE ENGLISH TRANSLATION OF THE
PANAMANIAN NOTE, WHICH QUOTES IN ITS ENTIRETY THE
U.S. NOTE:

BEGIN NOTE

EXCELLENCY:

I HAVE THE HONOR TO REFER TO YOUR EXCELLENCY'S NOTE
OF TODAY'S DATE CONCERNING THE PROGRAM OF ECONOMIC AND
MILITARY COOPERATION BETWEEN OUR TWO GOVERNMENTS,
WHICH READS AS FOLLOWS:

"EXCELLENCY:

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"I HAVE THE HONOR TO REFER TO THE NOTE DATED
SEPTEMBER 7, 1977, FROM THE SECRETARY OF STATE TO
THE AMBASSADOR OF PANAMA REGARDING ECONOMIC AND
MILITARY COOPERATION BETWEEN OUR TWO GOVERNMENTS
AND TO PROPOSE THAT OUR GOVERNMENTS ENTER INTO AN

AGREEMENT ON THE FOLLOWING TERMS:

"THE GOVERNMENT OF THE UNITED STATES OF AMERICA
WILL CONSIDER APPLICATIONS FROM THE REPUBLIC OF
PANAMA FOR HOUSING INVESTMENT GUARANTEES WITH A VIEW
TO APPROVAL OF SPECIFIC PROJECTS WITH AN AGGREGATE
VALUE OF NOT TO EXCEED \$75 MILLION OVER A FIVE-YEAR
PERIOD. APPROVAL OF SPECIFIC PROJECTS SHALL BE SUBJECT
TO CONFORMANCE WITH ANY APPLICABLE ADMINISTRATIVE
AND LEGISLATIVE CRITERIA.

"THE OVERSEAS PRIVATE INVESTMENT CORPORATION
(OPIC) WILL GUARANTEE BORROWING OF NOT TO EXCEED
\$20 MILLION IN THE UNITED STATES BY THE CORPORACION
FINANCIERA NACIONAL (COFINA) OF PANAMA FOR USE
IN FINANCING PRODUCTIVE PROJECTS IN THE PRIVATE SECTOR
IN PANAMA, SUBJECT TO SUCH TERMS AND CONDITIONS AS
SHALL BE AGREED UPON BY THE OPIC, COFINA, AND THE
LENDER, WHICH OPIC GUARANTEE HAS BEEN APPROVED BY
OPIC'S BOARD OF DIRECTORS. THE OPIC GUARANTEE IS
SUBJECT TO A GOVERNMENT OF PANAMA GUARANTEE TO OPIC
OF AMOUNTS GUARANTEED BY OR DUE TO OPIC.

"THE EXPORT-IMPORT BANK OF THE UNITED STATES
OF AMERICA HAS DELIVERED A LETTER OF INTEREST TO
PROVIDE LOANS, LOAN GUARANTEES, AND INSURANCE,
AGGREGATING NOT TO EXCEED \$200 MILLION OVER A FIVE-
YEAR PERIOD BEGINNING JULY 1, 1978, AND ENDING JUNE
30, 1983, FOR THE PURPOSE OF FINANCING THE U.S.
EXPORT VALUE OF SALES TO THE REPUBLIC OF PANAMA.

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INFO OCT-01 ARA-10 ISO-00 SAB-02 ICAE-00 NSCE-00
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SUCH FINANCING SHALL, AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK, BE IN THE FORM OF LOANS, LOAN GUARANTEES, OR INSURANCE FOR INDIVIDUAL PRODUCTS OR PROJECTS APPROVED BY SUCH BOARD.

"THE UNITED STATES GOVERNMENT WILL ISSUE REPAYMENT GUARANTEES UNDER ITS FOREIGN MILITARY SALES PROGRAM IN ORDER TO FACILITATE THE EXTENSION OF LOANS TO THE GOVERNMENT OF THE REPUBLIC OF PANAMA BY ELIGIBLE LENDERS FOR THE PURPOSE OF FINANCING THE PURCHASES BY THE GOVERNMENT OF THE REPUBLIC OF PANAMA OF DEFENSE ARTICLES AND DEFENSE SERVICES. THE AGGREGATE PRINCIPAL AMOUNT OF LOANS GUARANTEED BY THE UNITED STATES GOVERNMENT IN ACCORDANCE WITH THIS PARAGRAPH SHALL NOT EXCEED \$50 MILLION OVER A TEN-YEAR PERIOD.

"THE ABOVE ARRANGEMENTS WILL BE SUBJECT TO THE LIMITATIONS OF APPLICABLE UNITED STATES LEGAL REQUIREMENTS, INCLUDING UNITED STATES CONGRESSIONAL AUTHORIZATION AND APPROPRIATION PROCEDURES.

"IF THESE PROPOSALS ARE ACCEPTABLE TO
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YOUR GOVERNMENT, I SUGGEST THAT THIS NOTE AND YOUR REPLY INDICATING ACCEPTANCE CONSTITUTE AN AGREEMENT BETWEEN OUR GOVERNMENTS ON THE ABOVE TERMS, TO ENTER INTO FORCE ON THE DATE OF YOUR REPLY.

"ACCEPT, EXCELLENCY, THE RENEWED ASSURANCES OF MY HIGHEST CONSIDERATION.

"PANAMA, (DATE)"

"(SIGNED)"

I HAVE THE HONOR TO ACCEPT, IN THE NAME OF MY GOVERNMENT, THE ABOVE PROPOSALS AND TO AGREE THAT THE NOTE OF YOUR EXCELLENCY AND THIS NOTE CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS, WHICH ENTERS INTO EFFECT ON THIS DATE.

ACCEPT, EXCELLENCY, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

NICOLAS GONZALEZ-REVILLA END NOTE

4. WE ASSUME YOU ARE CLEARING WITH BARLETTA IN WASHINGTON PER REF A. JORDEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC COOPERATION, DIPLOMATIC NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
Disposition Reason:
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Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t197807103/aaaadioj.tel
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Litigation Codes:
Litigation History:
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Office: ACTION L
Original Classification: LIMITED OFFICIAL USE
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Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1854334
Secure: OPEN
Status: NATIVE
Subject: EXCHANGE OF NOTES ON ECONOMIC-MILITARY ARRANGEMENTS
TAGS: EFIN, PDIP, US, PN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/fa64566b-c288-dd11-92da-001cc4696bcc
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